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## CONSTITUTIONAL PROVISION FOR A BUDGET <sup>1</sup>

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TO regard government as a business enterprise merely, would be a narrow and illiberal view, for the activities of government are undertaken, not for purposes of profit, but to enhance the safety and the welfare of citizens. It is for the voters or their representatives to decide what activities government shall undertake. Once the government has embarked upon any definite enterprise, however, a question fairly arises as to the merits of the administration, and for the purpose of examining results and measuring efficiency of administration, it is proper to consider that a constitutional government is a corporation organized to carry on public business. The managers of a public corporation have much the same kind of business problems as the managers of private corporations. They must make plans and provide the means of carrying them out. Public officers are hampered, however, by constitutional and charter restrictions which make it difficult, if not impossible, for them to execute their plans as efficiently as do the managers of private business.

When the president of a large business corporation goes before the annual meeting of his stockholders or directors, he makes a statement of the assets, the liabilities, the surplus and the profits of the year. The figures are so displayed that they tell their own story and show the results of the year's operations. He states what his plans are for the next year's work; whether he wishes to expand or contract the business; what he wishes to spend in permanent improvements; what new capital he needs, and how he proposes to raise it. He is ready to answer questions and to explain his plans and policies. That

<sup>1</sup> Discussion at the meeting of the Academy of Political Science, November 19, 1914.

statement is his "budget." If approved, it becomes his program for next year's work.

If the natural businesslike relation which exists between the head of a private business and his directors and stockholders can be created between the governor and the legislature, and if this relation can be defined in the constitution of the state, a budget system will certainly be the logical outcome. At the present time our federal, state and municipal charters and constitutions have surrounded government executives with fantastic regulations which, if applied in private business, would certainly wreck any enterprise dependent for its existence on yearly profits.

Of all the propositions made by Dr. Cleveland none is more important than this—that the making of a budget is essentially an executive function. The oldest standing order of the House of Commons, dated July 1713, is:

"The House will receive no petition for any sum relating to public service, or proceed upon any motion for a grant or charge upon the public revenue unless recommended by the Crown."

That order is the foundation of efficiency in the English public service; upon that foundation a budget system is firmly placed. The House of Commons demands and secures a budget which is a clear, understandable, well-indexed document, and the representatives of the Crown who make the budget appear in person before the House to explain it. The House of Commons, like the board of directors of a well-conducted private English business corporation, controls the purse, but has deprived itself of the privilege of dipping into it.

Our difficulty is that, as a general rule, the man at the top—president, governor, or mayor—is not entrusted with sole authority to formulate and to amend the financial program of the year; he and his assistants are not permitted to appear in person to explain and to defend his program; so that he cannot be held personally responsible for good or bad results.

Congress, legislatures, city councils, exceed their proper function with respect to finance, which is to vote or to refuse

to vote public moneys for the estimates submitted by the responsible executive. As a rule, they reserve to themselves the power to introduce appropriation bills without first securing executive approval. These appropriation bills are divided up into sections quite arbitrarily for hasty consideration among many sub-committees, who work without coördination with each other. "Log-rolling," "riders," "pork barrels," and immense public expenditures are the logical and inevitable result in our public business. What private corporation could survive such procedure on the part of its directors? What man of ability and character would retain the presidency of a private business corporation in the face of such dangerous practice on the part of his directors?

Guardians of the treasury, possessors of the power to levy taxes, our legislators—national, state, and municipal—fritter away their proper and supreme control of the executive. By meddling with his authority they release him from personal responsibility for public expenditures. They sell their birth-right for a mess of pottage. What they gain is the right to "log-roll" or get "pork" for constituents; what they lose is responsible and efficient government.

Periodically, the growing uneasiness of taxpayers culminates in an angry protest. We seem to have reached such a period of protest at this time. The European war, with its waste and losses; the diminished profits of trade; unemployment; the creation of new forms of taxation; the arbitrary attitude of certain public commissions; the astounding recent growth of public debt, have brought a sense of uneasiness if not of positive alarm to taxpayers and to investors. The debt of New York state as shown by census reports is typical. Deducting sinking-fund assets, it grew from \$8,540,427, or 99 cents per capita, in 1907, to \$86,205,247, or \$9.05 per capita, in 1912—that is, it multiplied ten times in five years, and has since risen to \$124,772,980, which is fifteen times as much debt in 1914 as in 1907. Taxes and debt have everywhere risen together. The feeling grows that our government agencies are going too fast and too far; that they are not organized in a way to do their work efficiently; that they have not the means of locating and removing inefficiency.

There is no permanent improvement except along the well-trodden path which the rest of the civilized world has followed. We learned this lesson in the reform of our currency and banking laws. The studies of the Monetary Commission convinced men of all parties that Europe had much to teach us in the reform of our banking and currency system. The studies of President Taft's Commission on Economy and Efficiency lead to the same conclusion concerning our public finance. Our power to govern ourselves efficiently has been taken from us and it must be restored by correcting the faulty organic law which controls our government finance.

We must introduce into the charters and constitutions which control our government procedure the sound principles and practices which make private business effective the world over.

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